

## AGREEMENT FOR LEASE OF BUSINESS PREMISES

Date: April 22, 2013

Between: City of Newport (City), Lessor  
169 SW Coast Highway, Newport, Oregon

And: Les LaCasse

**City of Newport** leases to Les LaCasse and Les LaCasse leases from the City of Newport the following described property (the "Premises"):

Newport Municipal Airport FBO Suite D (180 square feet)

on the terms and conditions stated below:

### **Section 1. Term; Occupancy; Option to Extend**

**1.1 Original Term.** The original term of this Lease shall be for a period of six months commencing on April 15, 2013, and continuing through October 15, 2013.

**1.2 Possession.** Lessee's right to possession and obligations under the lease shall commence on April 15, 2013. Newport shall have no liability for delays in delivery of possession and Les LaCasse will not have the right to terminate this lease because of delay in delivery of possession except as hereinafter provided.

**1.3 Option to Extend.** If Lessee is not in default, Lessee shall have the option to extend this Lease for two additional extension terms of six month(s) each. Notice exercising the extension option shall be delivered to Lessor in writing not less than fifteen (15) days prior to the expiration of the then current term. Unless otherwise agreed in writing, if such notice is given, all terms and conditions of this Lease, other than the rent, shall apply during the extension term. Rent for the extension terms shall be negotiated with the goal of establishing a mutually agreed fair market rate. In the event the parties are unable to agree on a fair market rental rate for the extension term this Lease may be cancelled with no further obligation to the other. In the event the Lease is cancelled pursuant to the provisions of the previous sentence, the termination date for the then current term shall be the later of i) the natural expiration of such term or ii) a date thirty (30) days after written notice is given by either party to the other that a fair market rental rate for the option term cannot be agreed upon.

### **Section 2. Rent**

**2.1 Base Rent.** The base rent shall be 60 cents per square foot, per month. The rent for Suite D will be \$108.00 monthly.

### **Section 3. Use of the Premises**

**3.1 Permitted Use.** The Premises shall be used for airport-related business purposes.

**3.2 Restrictions on Use.** In connection with the use of the Premises, LaCasse shall:

(1) Conform to all applicable laws and regulations of any public authority affecting the premises and the use, and correct at Lessee's own expense any failure of compliance created through Lessee's fault or by reason of Lessee's use.

(2) Refrain from any activity that would make it impossible to insure the Premises against casualty, would increase the insurance rate, or would prevent Newport from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Newport to obtain reduced premium rates for long-term fire insurance policies, unless LaCasse pays the additional cost of the insurance.

(3) Refrain from any use that would be reasonably offensive to other users of the premises or that would tend to create a nuisance or damage the premises.

(4) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Newport.

(5) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the premises without the written consent and appropriate permits issued by Newport.

### **Section 4. Repairs and Maintenance**

**4.1 Newport's Obligations.** The following shall be the responsibility of Newport:

(1) Repairs and maintenance of the roof and gutters, exterior walls (including painting), bearing walls, interior walls, structural members, floor slabs, and foundation.

(2) Repair of sidewalks, driveways, curbs, parking areas, and areas used in common by LaCasse and Newport.

(3) Repair and maintenance of exterior water, sewage, gas, and exterior electrical services to the Premises.

**4.2 Lessee's Obligations.** LaCasse is responsible for keeping the Premises in good condition.

**4.3 Inspection of Premises.** Newport shall have the right to inspect the Premises at any reasonable time.

### **Section 5. Alterations**

**5.1 Alterations Prohibited.** LaCasse shall make no improvements or alterations on the Premises of any kind without first obtaining Newport's written consent. All alterations

shall be made in a good and workmanlike manner, and in compliance with applicable laws and building codes.

**5.2 Ownership and Removal of Alterations.** All improvements and alterations performed on the Premises by either Newport or LaCasse shall be the property of Newport when installed unless the parties agree otherwise. At any time LaCasse relinquishes occupancy or the Lease is otherwise terminated, improvements and alterations installed by LaCasse shall, at Newport's option, be removed by LaCasse and the premises restored unless Newport specifically provides otherwise.

## **Section 6. Property Insurance**

**6.1 Casualty/Loss Insurance Required.** Newport shall keep the Premises insured at Newport's expense against fire and other risks covered by a standard fire insurance policy with an endorsement for extended coverage. Lessee shall bear the expense of any renter's insurance insuring its property on the Premises against such risks.

**6.2 Waiver of Subrogation.** Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

## **Section 7. Taxes; Utilities**

**7.1 Payment of Utilities Charges.** Lessee shall pay for utilities consisting of any telephone or telecommunication equipment.

## **Section 8. Damage and Destruction**

**8.1 Partial Damage.** If the Premises are partly damaged and Section 9.2 does not apply, the Premises shall be repaired by Newport at its' expense. Repairs shall be accomplished with all reasonable dispatch subject to interruptions and delays from labor disputes and matters beyond the control of Newport.

**8.2 Destruction.** If the Premises are destroyed or damaged such that the cost of repair exceeds 25% of the value of the structure before the damage, either party may elect to terminate the lease as of the date of the damage or destruction by notice given to the other in writing not more than 45 days following the date of damage. In such event, all rights and obligations of the parties shall cease as of the date of termination, and LaCasse shall be entitled to reimbursement of any prepaid amounts paid by LaCasse and attributable to the anticipated term. If neither party elects to terminate, Newport shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Newport's reasonable control.

## **Section 9. Liability Insurance and Indemnity**

### **9.1 Liens**

(1) Except with respect to activities for which Newport is responsible, LaCasse shall pay as due all claims for work contracted by LaCasse for services rendered or material furnished to the Premises, and shall keep the Premises free from any liens. If LaCasse fails to pay any such claims or to discharge any lien, Newport may do so and collect the cost as additional rent. Any amount so added shall bear interest at the then-current rate allowed by law from the date expended by Newport and shall be payable on demand. Such action by Newport shall not constitute a waiver of any right or remedy which Newport may have on account of LaCasse' default.

(2) LaCasse may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, as long as Newport's property interests are not jeopardized.

**9.2 Indemnification.** LaCasse shall indemnify and defend Newport from any claim, loss, or liability arising out of or related to any activity of LaCasse on the Premises or any condition of the Premises in the possession or under the control of LaCasse including any such claim, loss, or liability that may be caused or contributed to in whole or in part by Newport's own negligence or failure to effect any repair or maintenance required by this lease. Newport shall have no liability to LaCasse for any injury, loss, or damage caused by third parties, or by any condition of the Premises except to the extent caused by Newport's negligence or breach of duty under this lease.

**9.3 Liability Insurance.** Before entering into possession of the Premises, LaCasse shall procure and during the term of the lease shall continue to carry at Lessee's cost commercial general liability insurance covering claims for injuries to members of the public or damage to property of others arising out of any covered negligent act or omission of LaCasse or of any of its employees, agents or assigns, with \$1,000,000 per occurrence and in the aggregate. Such insurance shall protect Newport on account of the obligations assumed by LaCasse under this lease, and shall name Newport as an additional insured. A copy of the policy, issued by a company currently licensed in the State of Oregon and certified as a true copy by an authorized representative of the issuing company, or, at the discretion of the City, a certificate in a form satisfactory to City certifying to the issuance of such insurance, shall be furnished to City prior to Lessee's occupancy of the Premises.

## **Section 10. Quiet Enjoyment; Warranty**

Newport warrants that it is the owner of the Premises and has the right to lease them. Newport will defend Lessee's right to quiet enjoyment of the Premises from the lawful claims of all persons during the lease term.

## **Section 11. Assignment and Subletting**

No part of the Premises may be assigned or subleased, nor may a right of use of any portion of the property be conferred on any third person by any other means, without the prior written consent of Newport.

## **Section 12. Default**

The following shall be events of default:

**12.1 Default in Rent.** Failure of LaCasse to pay any rent or other charge within 10 days after written notice that it is due.

**12.2 Default in Other Covenants.** Failure of LaCasse to comply with any term or condition or fulfill any obligation of the lease (other than the payment of rent or other charges) within 20 days after written notice by Newport specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if LaCasse begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

## **Section 13. Remedy on Default**

**13.1 Termination.** In the event of a default the lease may be terminated at the option of Newport by ten days' written notice to LaCasse. Newport may reenter and take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

**13.2 Remedies Cumulative.** The foregoing remedy shall be in addition to and shall not exclude any other remedy available to Newport under applicable law.

## **Section 14. Surrender at Expiration**

**14.1 Condition of Premises.** Upon expiration of the lease term or earlier termination, LaCasse shall deliver all keys to Newport and surrender the Premises in first-class condition and broom clean. Alterations constructed by LaCasse with permission from Newport shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Depreciation and wear from ordinary use for the purpose for which the Premises are leased shall be excepted but repairs for which LaCasse is responsible shall be completed to the latest practical date prior to such surrender. Lessee's obligations under this section shall be subordinate to the provisions of Section 8 relating to destruction.

### **14.2 Removal; Fixtures; Repair**

(1) All fixtures placed upon the Premises during the term, other than Lessee's trade fixtures, shall, at Newport's option, become the property of Newport. If Newport so elects, LaCasse shall remove any or all fixtures that would otherwise remain the property of Newport, and shall repair any physical damage resulting from the removal. If LaCasse fails to remove such fixtures, Newport may do so and charge the cost to LaCasse with interest at the legal rate from the date of expenditure.

(2) Prior to expiration or other termination of the lease term LaCasse shall remove all furnishings, furniture, and trade fixtures that remain its property. If LaCasse fails to do so, this shall be an abandonment of the property, and Newport may retain the

property and all rights of LaCasse with respect to the property shall cease or, by notice in writing given to LaCasse within 20 days after removal was required, Newport may elect to hold LaCasse to its obligation to remove the property. If Newport elects to require LaCasse to remove the property, Newport may effect a removal and place the property in public storage for Lessee's account. LaCasse shall be liable to Newport for the costs of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Newport.

### **14.3 Holdover**

(1) If LaCasse does not vacate the Premises at the time required, Newport shall have the option to treat LaCasse as a lessee from month to month, subject to all of the provisions of this lease except the provisions for term and renewal or to eject LaCasse from the Premises and recover damages caused by wrongful holdover. Failure of LaCasse to remove fixtures, furniture, furnishings, or trade fixtures that LaCasse is required to remove under this lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Premises by another lessee or with occupancy by Newport for any purpose including preparation for a new lessee.

(2) If a month-to-month tenancy results from a holdover by LaCasse under this Section 14.3, the tenancy shall be terminable at the end of any monthly rental period on written notice from Newport given not less than 10 days prior to the termination date which shall be specified in the notice. LaCasse waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

## **Section 15. Miscellaneous**

**15.1 Nonwaiver.** Waiver by either party of strict performance of any provision of this lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

**15.2 Notices.** Any notice required or permitted under this lease shall be given when actually delivered or 48 hours after deposited in United States mail as certified mail addressed to the address first given in this lease or to such other address as may be specified from time to time by either of the parties in writing.

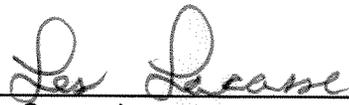
**15.3 Succession.** Subject to the above-stated limitations on transfer of Lessee's interest, this lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

**15.4 Entry for Inspection.** Newport shall have the right to enter upon the Premises at any time to determine Lessee's compliance with this lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective lessee or purchaser, and in addition shall have the right, at any time during the last two months of the term of this lease, to place and maintain upon the Premises notices for leasing or selling of the Premises.

CITY OF NEWPORT

  
\_\_\_\_\_  
Jim Voetberg, City Manager

4/22/13  
Date

  
\_\_\_\_\_  
Les LaCasse, Lessee

April 22 2013  
Date